

## Message Text

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43

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 EB-07 INR-07 LAB-04

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R 150846Z SEP 76

FM AMEMBASSY NICOSIA

TO SECSTATE WASHDC 4428

INFO AMEMBASSY ATHENS

AMEMBASSY LONDON

AMEMBASSY ANKARA

AMEMBASSY PRAGUE

USMISSION GENEVA

USDOC WASHDC

LIMITED OFFICIAL USE NICOSIA 2826

STATE PASS AID FOR NESA BUREAU

E.O. 11652: NA

TAGS: EALRXELAB, SPOP, CY

SUBJ: UNEMPLOYMENT IN THE GOC-CONTROLLED PORTION OF CYPRUS

REF: (A) NICOSIA A-47 (NOTAL), (B) NICOSIA A-43 (NOTAL)

1. LATEST AVAILABLE GOC EMPLOYMENT FIGURES FOR END OF APRIL 1976 LIST 17,800 GREEK CYPRIOT REGISTERED AS UNEMPLOYED. COMPARABLE FIGURE END APRIL 1975 WAS 23,200 EQUAL TO 8.42 PER CENT OF ECONOMICALLY ACTIVE GREEK CYPRIOT POPULATION. SINCE EARLY PART OF 1976 GOC NO LONGER PROVIDES FIGURE FOR PERCENTAGE OF UNEMPLOYED, PRESUMABLY BECAUSE PER CENT UNEMPLOYED IS EMBARRASSINGLY LOW. BASED ON EMBASSY ESTIMATE OF SIZE OF LABOR FORCE IN APRIL 1976, UNEMPLOYMENT FIGURE OF 17,800 WAS APPROXIMATELY 6.5 PERCENT OF SO-CALLED ECONOMICALLY ACTIVE POPULATION.

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2. IT IS BECOMING EVIDENT THAT PUBLISHED UNEMPLOYMENT FIGURES BEAR LITTLE RELATIONSHIP TO EMPLOYMENT REALITY. INFORMAL EMBASSY SURVEY CONDUCTED IN JULY/AUGUST 1976 OF FOURTEEN CYPRIOT MANUFACTURERS OF LIGHT GOODS (MAINLY CLOTHING AND SHOES) FOUND THAT LABOR IS NOW DIFFICULT TO RECRUIT IN THIS TYPE INDUSTRY. CONSTRUCTION INDUSTRY ALSO APPEARS TO BE EXPERIENCING SHORTAGE OF SKILLED WORKERS, ESPECIALLY IN ELECTRICAL, PLUMBING AND CARPENTRY FIELDS (MANY GREEK CYPRIOT CONSTRUCTION WORKERS HAVE TAKEN EMPLOYMENT IN THE MIDDLE EAST). MINISTRY OF COMMUNICATIONS AND WORKS DIR-GEN INFORMED E/C OFFICER RECENTLY THAT GOC CANNOT ATTRACT SUFFICIENT NUMBER OF MALES AGES 19 TO 30 FOR ALL-EXPENSE PAID SEAMEN'S COURSES WITH GUARANTEED JOBS UPON COMPLETION. SEVERAL FARMING ENTERPRISES HAVE MENTIONED TO E/C OFFICER INABILITY TO ATTRACT PART-TIME OR FULL-TIME FIELD HANDS.

3. EMBASSY E/C OFFICER RECENTLY INTERVIEWED GOC SENIOR EMPLOYMENT OFFICER WHO STATED THAT MOST OF THE REGISTERED UNEMPLOYED ACTUALLY ARE NOT SERIOUSLY INTERESTED IN EMPLOYMENT BUT REGISTER IN ORDER TO BECOME ELIGIBLE FOR SOCIAL WELFARE PAYMENTS, INCLUDING FAMILY ALLOWANCES, RENT ASSISTANCE, FOOD BENEFITS, AND OTHERS. SENIOR EMPLOYMENT OFFICER EXPLAINED THAT WELFARE BENEFITS UNDER CYPRUS LAW MUST PROVIDE MINIMUM STANDARD OF LIVING. HE WENT ON TO STATE THAT BENEFITS NOW CLEARLY ACT AS DISINCENTIVE TO WORK, ESPECIALLY FOR UNSKILLED LABOR WHOSE PAY WOULD BE AT OR NEAR LEGAL MINIMUM WAGE LEVEL. SENIOR EMPLOYMENT OFFICER BELIEVES MOST JOB VACANCIES ADVERTISED IN LOCAL NEWSPAPERS GO UNFILLED. GOC PLANNING BUREAU AND MINISTRY OF FINANCE HAVE VOICED CONCERN TO US THAT ECONOMIC REACTIVATION MAY SUFFER IF LABOR SHORTAGE WORSENS.

4. BEFORE THE EVENTS OF 1974, THE ECONOMY OF CYPRUS (MOSTLY A GREEK CYPRIOT SHOW) COULD DRAW FROM THE 40-60,000 STRONG TURK CYPRIOT LABOR POOL. WITH THE PHYSICAL SEPARATION OF THE TWO COMMUNITIES, THE GREEK CYPRIOT ECONOMY CANNOT (AT LEAST, AT THIS TIME) EXPECT TO HIRE TURK CYPRIOTS TO ALLEVIATE LABOR SHORTAGES.

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EMBASSY BELIEVES GOC JOB RETRAINING PROGRAMS DESIGNED ESPECIALLY FOR DISPLACED POPULATION MAY HAVE TO BE RECONSIDERED OR REDUCED IN SCOPE AS SHORTAGE OF CANDIDATES BECOMES OBVIOUS.

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## Message Attributes

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